

CASE STUDY : ACCEPTANCE AND ADOPTION ON E-COMMERCE USAGE AMONG
MICRO BUSINESS OWNER AT BAAZAR LARUT MALAM JALAN LEE SAM IN
SEREMBAN NEGERI SEMBILAN.

FATIMAH BINTI TALIP

Master of Science in Management

DECEMBER 2011



Othman Yeop Abdullah
Graduate School of Business

Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK

(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa

(I, the undersigned, certified that)

FATIMAH TALIP (806540)

Calon untuk Ijazah Sarjana

(Candidate for the degree of) **MASTER OF SCIENCE (MANAGEMENT)**

telah mengemukakan kertas projek yang bertajuk

(has presented his/her project paper of the following title)

Seperti yang tercatat di muka surat tajuk dan kulit kertas projek
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **DR. NORASHIDAH BINTI HASHIM**
(Name of Supervisor)

Tandatangan : _____
(Signature)

Tarikh : **25 DECEMBER 2011**
(Date)

**KAJIAN KES: PENERIMAAN DAN PENGGUNAAN E-DAGANG DI KALANGAN
PEMILIK PERNIAGAAN MIKRO DI BAZAR LARUT MALAM JALAN LEE SAM
DI SEREMBAN NEGERI SEMBILAN.**

ABSTRAK

Kajian ini bertujuan untuk menentukan tahap penerimaan dan penggunaan e-dagang di kalangan pemilik perniagaan mikro di baazar Larut malam Jalan Lee Sam, Seremban Negeri Sembilan. Statistik terkini menunjukkan bahawa jumlah perniagaan yang menggunakan laman web di Seremban adalah sangat kecil berbanding bandar lain di negara Malaysia. Banyak perniagaan mikro telah beralih menggunakan e-dagang sebagai medium perniagaan. Ini sedikit sebanyak telah memberi tekanan kepada segelintir peniaga kecil yang masih belum mengadaptasi teknologi dan trend masa kini yang jauh sudah berubah. Permintaan penggunaan e-dagang yang semakin meningkat untuk mengamalkan perdagangan elektronik sebagai sebahagian daripada keperluan untuk menjadi lebih cekap dan berdaya saing serta boleh memainkan peranan yang lebih besar dalam memacu ekonomi. Dengan menuju ke abad baru dan kemakmuran yang berterusan, negara Malaysia tidak lagi boleh mengambil mudah akan cabaran dalam teknologi yang semakin pesat digunakan ini. Kaedah penyelidikan kualitatif, dalam bentuk temu bual separa berstruktur, telah digunakan untuk mengenal pasti faktor-faktor yang penting dan relevan bagi menggalakkan kesediaan untuk menerima pakai. Kajian menunjukkan bahawa ciri-ciri yang dilihat adalah seperti kekurangan faedah, kekurangan pengetahuan dan kemahiran, tanggapan kurang penting manakala ciri-ciri persekitaran seperti tekanan kompetitif, sokongan kerajaan dan infrastruktur pendorong penting perdagangan elektronik di Malaysia. Model ini membentuk asas untuk penyelidikan

selanjutnya sebagai kajian kuantitatif, dalam borang kaji selidik, boleh dijalankan untuk menilai kesahihan model dan memberi maklumat lanjut kepada hubungan antara faktor.

**CASE STUDY : ACCEPTANCE AND ADOPTION ON E-COMMERCE USAGE
AMONG MICRO BUSINESS OWNER AT BAAZAR LARUT MALAM JALAN LEE
SAM IN SEREMBAN NEGERI SEMBILAN.**

ABSTRACT

This study aims to determine the level of acceptance and adoption of e-commerce usage among micro business owner at baazar larut malam Jalan Lee Sam, Seremban Negeri Sembilan. Recent statistics show that total number of businesses employing web sites in Seremban is very small compared to others city in our beloved country Malaysia. Organizations are coming under increasing pressure to adopt electronic commerce as part of the need to be efficient and competitive and to play a greater role in driving the economy. With the new century, the continued prosperity of Malaysia can no longer be taken for granted. Qualitative research method, in the form of semi-structured interviews, was used to identify factors that are important and relevant to encourage willingness to adopt. Findings indicate that owner characteristics like lack of perceived benefits, lack of knowledge and skill, perceived lack of trust are significant inhibitors while environment characteristics like competitive pressure, government support and infrastructure are significant motivators of electronic commerce in Malaysia. The model forms a basis for further research as further quantitative study, in the form of survey, can be carried out to assess the model's validity and provide further insights into the relationships among the factors.

REFER TRUTH PROJECT MASTER PAPER

This project is presented for the fulfillment of the requirements for graduation Master of Management Science, Universiti Utara Malaysia. I agree to allow the display of the University library for reference purposes. I also agree to any form of copy either in whole or part of this project for academic purposes with the permission of the Dean of Academic researchers, College of Management. Any copy or print form for commercial purposes and make a profit is prohibited without the written permission of researchers. Statement reference to the author and Universiti Utara Malaysia should be specified if any reference is made to this project. Permission to use this project in whole or in part must be requested through :

Dean of Academic
College of Business
Universiti Utara Malaysia
06,010 Sintok
Kedah

ACKNOWLEDGEMENT

In the Name of Allah, Most Gracious, Most Merciful.

Alhamdulillah Syukur and thanks ; (Al-Fatihah to my beloved late mother Che Tutu Binti Katon & my late father Talip Bin Kasim) finally i was able to complete this study. I would like to thanks those who have helped me in order to complete this project. Firstly, i would like to thanks to Dr. Norashidah Binti Hashim, who has provided guidance, advice and counsel to complete this study. Secondly, thanks to Persatuan Peniaga Melayu Seremban & Persatuan Pemuda Peniaga Melayu Seremban for giving permission to carry out a case study among micro business owner At Jalan Lee Sam Seremban Negeri Sembilan. Last but not least thanks to all friends for assisting in the collection of data, info and distribution of questionnaires. Special thanks also to the respondents who gave a lot of cooperation, information and support in completing this project. Next, to the beloved family thanks you for giving spirit, motivation and contiguity in order to achieve this highly challenging research. Finally, to all who have cooperated directly or indirectly spoken thank you (really thanks you to Salmi) for motivation support in completion of this study

Wassalam.

TABLE OF CONTENTS

ABSTRACT	ii
DECLARATION	v
ACKNOWLEDGEMENTS	vi
TABLE OF CONTENTS	vii
LIST OF FIGURES	xi
LIST OF TABLES	xii
 CHAPTER 1 : INTRODUCTION	 1
1.0 INTRODUCTION	1
1.1 RESEARCH BACKGROUND	4
1.1.1 History of internet evolution in Malaysia	4
1.1.2 An overview of e-commerce guidelines in Malaysia	6
1.1.3 What is electronic commerce	6
1.2 PROBLEM STATEMENT	7
1.3 PURPOSE OF STUDY	9
1.4 RESEARCH QUESTION	9
1.5 RESEARCH OBJECTIVE	10
1.6 SIGNIFICANCE OF STUDY	10
1.7 SCOPE AND LIMITATION OF THE STUDY	11
1.8 OPERATIONAL DEFINITION	12
1.8.1 Electronic commerce	12
1.8.2 Security	13
1.8.3 Internet	13

1.8.4 Government support	14
1.8.5 Knowledge in IT	14
 CHAPTER 2 :LITERATURE REVIEW	 15
2.1 INTRODUCTION	15
2.2 BACKGROUND OF STUDY	16
2.3 RESEARCH FRAMEWORK	16
2.4 INNOVATION DIFFUSION THEORY	18
2.5 INFORMATION TECHNOLOGY ADOPTION MODELS	20
2.6 E-COMMERCE OVERVIEW	21
2.7 NATURE OF SMALL BUSINESSES	23
2.8 APPLICATION OF ELECTRONIC COMMERCE	24
2.9 IT KNOWLEDGE	25
2.10 SECURITY	25
2.11 GOVERNMENT SUPPORT	26
2.11.1 Government initiative for cyber crime	28
2.12 IMPACT OF E-COMMERCE ON THE SOCIETY AND BUSINESS	29
2.13 OPPORTUNITIES AND CHALLENGES FOR E-COMMERCE IN MALAYSIA	33
2.14 CONCLUSION	36
 CHAPTER 3 RESEARCH METHODOLOGY	 37
3.1 INTRODUCTION	37
3.2 RESEARCH DESIGN	38
3.3 POPULATION	38

3.4	THE DATA COLLECTION	39
3.5	QUESTIONNAIRE	39
3.6	SAMPLING TECHNIQUES	42
3.7	SAMPLING SIZE	42
3.8	PROCEDURE FOR ANALYSIS OF DATA	42
3.9	DATA ANALYSIS	43
3.10	REALIBILITY	44
3.11	CONCLUSION	45
	 CHAPTER 4 FINDINGS AND ANALYSIS	 46
4.1	INTRODUCTION	46
4.2	DEMOGRAPHIC FACTORS	47
4.2.1	Frequencies distributors	47
	Respondent gender	48
	Respondent age	49
	Respondent ethnicity	50
	Respondent education	50
	Respondent occupation	51
	Respondent income level	52
	Respondent length of internet usage	53
	Respondent frequency usage of internet per week	54
4.3	LEVEL OF ACCEPTANCE AND ADOPTION OF E-COMMERCE USAGE AMONG MICRO BUSINESS OWNER	 55

4.4	RELATIONSHIP OF FACTORS TOWARDS ACCEPTANCE AND ADOPTION OF E-COMMERCE USAGE AMONG MICRO BUSINESS OWNER	56
4.5	MOST INFLUENCE FACTORS TOWARDS ACCEPTANCE AND ADOPTION OF E-COMMERCE	62
4.6	CONCLUSION	63
	CHAPTER 5 : CONCLUSION AND RECOMMENDATION	64
5.1	INTRODUCTION	64
5.2	SUMMARY OF STUDY	64
5.3	RECOMMENDATION	69
	5.3.1 It knowledge	71
	5.3.2 Security issue	72
	5.3.3 Government support	73
	5.3.4 Acceptance and adoption of e-commerce	74
5.4	LIMITATION OF STUDY	76
5.5	SUGGESTION FOR FUTURE RESEARCH	76
	REFERENCES	
	APPENDIX	
	QUESTIONNAIRE	
	SPSS	

LIST OF FIGURE	DESCRIPTION	PAGE
Figure 2.1	Online consumer by age group	30
Figure 2.2	A statistic for Malaysia Online Shopping	30
Figure 2.3	A statistic for Malaysia Online Shopping – Product Categories	31
Figure 2.4	Online buyers year by year	32
Figure 2.5	Internet device forecast	33

LIST OF TABLE	DESCRIPTION	PAGE
Table 1	Internet usage and population growth	5
Table.2	Research Framework	17
Table 3.1	Questionnaire	41
Table 3.2	Scala Likert	41
Table 3.3	Rules of Thumb Cronbach's Alpha Coefficient Size	45
Table 4.1	Reliability Test	47
Table 4.2	Gender frequency distribution	48
Table4.3	Age frequency distribution	49
Table 4.4	Ethnicity frequency distribution	50
Table 4.5	Education frequency distribution	50
Table 4.6	Occupation frequency distribution	51
Table.4.7	Income level frequency distribution	52
Table 4.8	Length of internet usage frequency distribution	53
Table 4.9	Respondent's frequency usage of internet per week	54
Table 4.10	Frequency of Acceptance and Adoption	55
Table 4.11	Table Crosstab IT Knowledge and Acceptance and Adoption of E-Commerce	56

Table 4.12	Table Chi-Square tests IT Knowledge and Acceptance and Adoption of E-Commerce	57
Table 4.13	Table Crosstab Security Issues and Acceptance and Adoption of E-Commerce	58
Table 4.13	Table Chi-Square tests Security Issues and Acceptance and Adoption of E-Commerce	59
Table 4.14	Table Crosstab Government Support and Acceptance and Adoption of E-Commerce	60
Table 4.14	Table Chi-Square tests Government Support and Acceptance and Adoption of E-Commerce	61
Table 4.15	Coefficients Table	62

CHAPTER 1 :

INTRODUCTION

Referred to (Zorayda Ruth Andam, 2003) study and she found the following that, in the emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals. Specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs.

With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. The name of the game is strategic positioning, the ability of a company to determine emerging opportunities and utilize the necessary human capital skills (such as intellectual resources) to make the most of these opportunities through an e-business strategy that is simple, workable and practicable within the context of a global information milieu and new economic environment. With its effect of leveling the playing field, e-commerce coupled with the appropriate strategy and policy approach enables small and medium scale enterprises to compete with large and capital-rich businesses.

The contents of
the thesis is for
internal user
only

REFERENCES

Turban, E, Lee J, King D and Chung, H.M (2000), Electronic Commerce: A Managerial

Perspective (1st. Edition), Prentice-Hall, Inc.

Stair, R, Reynolds, G (2010) Information Systems, 9th Edition, Course Technology, Cengage Learning

Mincheong (2010) Mar 24 2010, 11:56AM EDT Malaysia among asean country
<http://comm215.wetpaint.com/page/Malaysia%3A+Internet+Landscape>

Paynter, J, Lim, J (2001), Drivers and Impediments to E-Commerce in Malaysia, Malaysian Journal of Library & Information Science, Vol.6, no.2

What is electronic commerce - http://en.wikibooks.org/wiki/E-Commerce_and_E-Business/Concepts_and_Definitions

Ainin, S (2000), Status of E-Commerce Application in Malaysia, Information Technology for Development Journal, Vol 9, 3 / 4, 153-161

Abu Bakar A Hamid and Rohaizat Baharun (2004), "Perceptions of E-Commerce Applications in Small and Medium Entrepreneurs (SMEs), (Online), <http://www.uum.edu.my>.

Nourudin Mansor and Ahmad Faisal Amri Abidin (no.year), The Application of E-Commerce Among Malaysian Small Medium Enterprises, <http://www.eurojournals.com/ejsr.htm>

Zorayda Ruth Andam, (2003), e-Commerce and e-business (Online)
<http://www.apdip.net/publications/iespprimers/eprimer-ecom.pdf>

Turban, E., Lee, J., King, D., & Chung, H.M (2000). Electronic Commerce: A Managerial Perspective.

Davis, F.D. (1989). "Perceived Usefulness, Perceived Ease of Use and User Acceptance of Information Technology", MIS Quarterly 13(3), 1989, pp. 319-339

J. Campbell, Richard C. Sherman, Egon Kraan, & Zachary Birchmeier (2001). Internet Privacy Awareness and Concerns among College Students

Rogers, E.M. (1995).The Diffusion of Innovations. New York, Free Press.

Yap, C.T. 2000a. Salvo of IT programmes to bring Internet to rural folks. Malaysia Cnet, 29Feb 2000. Available at: <http://malaysia.cnet.com/briefs/news/asia/20000229av.html>.

Kalakota, R & Whinston, A. (1997). Electronic Commerce: a Manager's Guide, Reading, MA: Addison Wesley

Knowledge in IT - <http://www.theweboasis.com/internet-technology-glossary-a-l.html>

Head, M., Yuan, Y. (2001). "Privacy Protection in Electronic Commerce: A Theoretical Framework", Human Systems Management, 20, pp.149-160

Lee, W. 2000c. Internet took the crown as top IT growth area in Malaysia. Malaysia Cnet, 21 April 2000). Available at: <http://malaysia.cnet.com/news/2000/04/21/200000421j.html>.

Uchenna Cyril Eze, Mohd Aliff Ten bin Mohd Yusof, Ten, Yew-Siang Poong (2011) - Mobile Commerce Usage in Malaysia Assessing Key Determinants

Muhammad Jehangir, p.d.d Dominic, Naseebulah, Alamgir Khan (2011) - Towards Digital Economy: The Development of ICT and E-Commerce in Malaysia

Kiranjit Kaur (2005) - Consumer Protection in E-Commerce in Malaysia: An Overview. Journal of the UNE Asia Centre ISSN 1442-6420

Sekaran.U, (2006), Research Methods for Business A Skill-Building Approach, Fourth Edition, New Delhi, John Wiley and Sons.

Hong-Cheong Looi, (No Year) A Model of Factors Influencing Electronic Commerce Adoption among SMEs in Brunei Darussalam

Zikmund (2003), Business research methods, 7th edition

Ainin, S, Noorismawati, J, (2003), E-Commerce Stimuli and Practices in Malaysia at <http://www.pacis-net.org/file/2003/papers/e-business/258.pdf>

John Paynter and Jackie Lim (2001) - DRIVERS AND IMPEDIMENTS TO E-COMMERCE IN MALAYSIA, Malaysian Journal of Library & Information Science, Vol.6, no.2, December 2001: 1-19

Parker, C.M. (1997). "Educating Small and Medium Enterprises about Electronic Data Interchange: Exploring the Effectiveness of a Business Simulation Approach",

Unpublished PhD Thesis, Monash University, Melbourne.

Poon, S., Swatman, P.M.C., & Vitale, M. (1996). "Electronic Networking Among Small Business in Australia-An Exploratory Study". In 9th International Conference on EDIIOS, Bled, Slovenia, June 10-12.

Reynolds, W., Savage, W., & Williams, A. (1994). Your Own Business: A Practical Guide to Success, ITP.

Kiranjit, K. (2004) Consumer Protection in E-Commerce in Malaysia: An Overview, from <http://www.une.edu.au/asiacenter/KKaur.pdf>

PIKOM: E-commerce industry to grow 30% annually next 3-5 year, (2010) at <http://biz.thestar.com.my/news/story.asp?file=/2010/7/13/business/20100713150259&sec=business>

Internet in Malaysia, (2010) at http://en.wikipedia.org/wiki/Internet_in_Malaysia

E-Commerce in Malaysia, (2010) at http://wiki.media-culture.org.au/index.php/E-commerce_-_Overview_-_Malaysia

Malaysia: Internet Landscape, (2010) at <http://comm215.wetpaint.com/page/Malaysia%3A+Internet+Landscape>

Off to an early start internet in Malaysia (2010), at <http://www.itu.int/asean2001/reports/material/MYS%20CS.pdf>

exploring the determinants of e-commerce usage in the hotel industry in thailand: an empirical study (2005) http://tourism.wu-wien.ac.at/jitt/JITT_7_34_Sahadev_Islam.pdf

E-commerce in Malaysia: Perceived Benefits and Barriers (2003) ,
http://www.vikalpa.com/pdf/articles/2003/2003_july_sep_77_82.pdf

Malaysia Internet Subscribers to Double by 2012 -
<http://www.internetworldstats.com/asia/my.htm>